

HOUSING AUTHORITY OF DERIDDER

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/16/08

Mike Estes, P.C.
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners
Housing Authority of DeRidder
DeRidder, Louisiana

We have audited the accompanying basic financial statements of each major fund of the Housing Authority of DeRidder, Louisiana as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of DeRidder, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Housing Authority of DeRidder, Louisiana, as of September 30, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2008, on our consideration of the Housing Authority of DeRidder, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of DeRidder, Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of DeRidder, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedules required by HUD and other accompanying information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
February 29, 2008

HOUSING AUTHORITY OF THE CITY OF DERIDDER, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SEPTEMBER 30, 2007

Housing Authority of The City of Deridder, Louisiana
Management's Discussion and Analysis (MD&A)
SEPTEMBER 30, 2007

The management of Public Housing Authority of Deridder, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2007. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$1,823,992 at the close of the fiscal year ended 2007.
 - ✓ Of this amount \$1,325,748 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ The remainder of \$498,244 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 59% of the total operating expenses of \$832,540 for the fiscal year 2007, which means the Authority might be able to operate about 7 months using the unrestricted assets alone, which compares with 7 months in the prior fiscal year.
- The Housing Authority's total net assets increased by \$203,440, a 12% change from the prior fiscal year 2006. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The increase in net assets of these funds was accompanied by an increase in cash and cash equivalents of \$20,830, primarily because tenant-related income, transfers and federal advances exceeded operating expenses by \$22,774.
- The Authority spent \$324,219 on capital asset additions during the current fiscal year.
- These changes led to an increase in total assets by \$201,574 and a decrease in total liabilities by \$1,866. As related measure of financial health, there are still \$8 of current assets covering each dollar of total current and long-term liabilities, which compares with \$6.50 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

- Low Rent Public Housing
- Housing Choice Vouchers
- Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

Housing Authority of The City of Deridder, Louisiana

Management's Discussion and Analysis (MD&A)

SEPTEMBER 30, 2007

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$1,823,992 as of September 30, 2007. Of this amount, \$1,325,748 was invested in capital assets, and the remaining \$498,244 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general net assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet			
As of September 30,			
		<u>2007</u>	<u>2006</u>
ASSETS			
Current assets		\$ 570,452	\$ 483,761
Capital assets, net of depreciation		<u>1,325,748</u>	<u>1,210,865</u>
Total assets		<u>1,896,200</u>	<u>1,694,626</u>
LIABILITIES			
Current liabilities		56,348	61,622
Non-current liabilities		<u>15,860</u>	<u>12,452</u>
Total liabilities		<u>72,208</u>	<u>74,074</u>
NET ASSETS			
Invested in capital assets, net of depreciation		1,325,748	1,210,865
Unrestricted net assets		<u>498,244</u>	<u>409,687</u>
Total net assets		<u>1,823,992</u>	<u>1,620,552</u>
Total liabilities and net assets		<u>1,896,200</u>	<u>1,694,626</u>

Housing Authority of The City of Deridder, Louisiana

Management's Discussion and Analysis (MD&A)

SEPTEMBER 30, 2007

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$203,440, or by 12%, from those of fiscal year 2006, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
Fiscal Year Ended September 30,**

	2007	2006
OPERATING REVENUES		
Dwelling rental	\$ 241,240	\$ 219,332
Other	36,353	32,569
Total Operating Revenues	277,593	251,901
OPERATING EXPENSES		
Administration	184,921	191,080
Tenant services	457	582
Utilities	103,643	105,033
Ordinary maintenance & operations	228,458	191,629
General expenses	62,586	63,904
Depreciation	199,109	177,275
Extraordinary maintenance	1,800	0
Casualty Losses – Non-Capitalized	347	0
Housing assistance payments	51,219	0
Total Operating Expenses	832,540	729,503
Income (loss) from Operations	(554,947)	(477,602)
Non Operating Revenues (Expenses)		
Interest earnings	15,766	14,215
Federal grants	342,642	306,631
Total Non-Operating Revenues (Expenses)	358,408	320,846
Income (loss) before Contribution and transfer	(196,539)	(156,756)
Capital contribution	308,155	15,627
Equity transfer	91,824	0
Change in net assets	203,440	(141,129)
Total net assets - beginning	1,620,552	1,761,681
	\$ 1,823,992	\$ 1,620,552

EXPLANATIONS OF FINANCIAL ANALYSIS

ASSETS

- Current assets increased \$86,691, from \$483,761 to \$570,452. There was an increase in cash and cash equivalents of \$20,830 and an increase of \$56,431 in receivables and other current assets. The changes in these current assets were primarily from an increase grants receivable during the fiscal year.

LIABILITIES

- Current liabilities decreased \$5,274, from \$61,622 to \$56,348. Most of this change was from decreases in trade accounts payable.

The above increase in current assets of \$86,691, minus the decrease of \$5,274 in current liabilities comprises \$81,417 of the \$88,557 increase in unrestricted net assets. The remainder of the change in unrestricted assets is accounted for by an intergovernmental equity transfer.

Compared with the prior fiscal year, total operating, non-operating revenues and capital contributions increased \$447,606, or by 60%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal Capital Funds from HUD increased by \$292,528 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2004 through 2007, and submitted a new grant during fiscal year 2008.
- Federal revenues from HUD for operations increased by \$36,011, or by 11% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- Total tenant revenue increased by \$25,692, or by 10% from that of the prior fiscal year, because occupancy rates increased by 27%, and because the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total.
- Interest income increased by \$1,551, or by 10% from that of the prior fiscal year, because the Housing Authority transferred only \$5,166 into temporary investments during the current fiscal year and because investments were held for a longer period of time throughout the current year than the prior year.
- The Section 8 program was transferred to the Authority, effective April 1, 2007. This included equity of \$91,824, and approximately the same amount of bank balances.

Housing Authority of The City of Deridder, Louisiana

Management's Discussion and Analysis (MD&A)

SEPTEMBER 30, 2007

Compared with the prior fiscal year, total operating expenses increased \$103,037, or by 14%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Maintenance and repairs increased by \$36,829, or by 19% from that of the prior fiscal year, due to several major factors: Repair staff wages increased by \$18,707, or by 21%, and related employee benefit contributions increased by \$10,877, or by 33%. Also, materials used increased by \$2,274, or by 6%, and contract labor costs increased by \$8,680, or by 27%. In addition, Extraordinary Maintenance increased by \$1,800 from that of the prior fiscal year.
- Housing Assistance Payments to landlords increased by \$51,219 from that of the prior fiscal year, because the Authority began administering the program on April 1, 2007.
- Depreciation expense increased by \$21,834, or by 12% from that of the prior fiscal year, because there was an increase in net capital assets by \$114,883, and also because existing capital assets are reaching the end of their estimated useful lives.
- Administrative Expenses decreased by \$6,159, or by 3% from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$5,653, or by 6%, and related employee benefit contributions increased by \$5,543, or by 17%; therefore, total staff salaries and benefit costs increased by 9%. In addition, accounting fees increased by \$2,026; thus, total outside professional fees increased by 25%. Finally, staff travel reimbursements decreased by \$1,612, but sundry expenses decreased by \$19,825; therefore, other staff administrative expense decreased by 60%.
- Tenant services, General expenses, Utilities, and Casualty losses, totaling \$167,032, comprised the remainder of the change in expenditures, but these in total did not change significantly from the prior to the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2007, the Housing Authority had a total cost of \$5,624,853 invested in a broad range of assets and construction in progress from projects funded in 2004 through 2007, listed below. This amount, not including depreciation, represents increases of \$296,981 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation As of September 30,

	2007	2006
Land	\$ 134,411	\$ 134,411
Buildings	1,120,270	973,809
Leasehold improvements	28,840	62,011
Furniture and equipment	42,227	40,634
Total	<u>1,325,748</u>	<u>1,210,865</u>

As of the end of the 2007 fiscal year, the Authority is still in the process of completing HUD grants of \$778,712 obtained during 2004 through 2007 fiscal years. A total remainder of \$227,741 will be received and \$160,300 will be spent for completing these projects during fiscal year 2008.

Debt

Non-current liabilities also include accrued annual vacation and sick leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2008 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Katie Anderson, at Public Housing Authority of Deridder, Louisiana; 600 Warren St.; Deridder, LA 70634.

HOUSING AUTHORITY OF DERIDDER
BALANCE SHEET
SEPTEMBER 30, 2007

	General	Housing Choice Vouchers	Total
ASSETS			
Current assets - unrestricted			
Cash and cash equivalents - unrestricted	\$ 127,494	\$ 0	\$ 127,494
Investments	328,961	0	328,961
Accounts receivable net	80,161	0	80,161
Interest receivable	10	0	10
Internal balances	(110,929)	110,929	0
Prepaid items and other assets	23,967	0	23,967
Inventory	297	0	297
Restricted assets - cash and cash equivalents	9,562	0	9,562
Total Current Assets	459,523	110,929	570,452
Capital Assets, net			
Land and other non-depreciated assets	134,411	0	134,411
Other capital assets - net of depreciation	1,191,337	0	1,191,337
Total Capital Assets, net	1,325,748	0	1,325,748
Total Assets	\$ 1,785,271	\$ 110,929	\$ 1,896,200
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 22,810	\$ 0	\$ 22,810
Compensated absences payable	7,597	0	7,597
Accrued PILOT	16,379	0	16,379
Deposits due others	9,562	0	9,562
Total Current Liabilities	56,348	0	56,348
Noncurrent Liabilities			
Compensated absences payable	15,860	0	15,860
Total Liabilities	72,208	0	72,208
NET ASSETS			
Invested in capital assets, net of related debt	1,325,748	0	1,325,748
Unrestricted	387,315	110,929	498,244
Net Assets	1,713,063	110,929	1,823,992
Total Liabilities and Net Assets	\$ 1,785,271	\$ 110,929	\$ 1,896,200

The Notes to the Financial Statements are an integral part of these statements.

**HOUSING AUTHORITY OF DERIDDER
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED SEPTEMBER 30, 2007**

	General	Housing Choice Voucher	Total
OPERATING REVENUES			
Dwelling rental	\$ 241,240	\$ 0	\$ 241,240
Other	35,942	411	36,353
Total Operating Revenues	277,182	411	277,593
OPERATING EXPENSES			
Administration	183,351	1,570	184,921
Tenant services	457	0	457
Utilities	103,643	0	103,643
Ordinary maintenance & operations	228,458	0	228,458
General expenses	62,395	191	62,586
Depreciation	199,109	0	199,109
Extraordinary maintenance	1,800	0	1,800
Casualty Losses – Non-Capitalized	347		347
Housing assistance payments	0	51,219	51,219
Total Operating Expenses	779,560	52,980	832,540
Income (loss) from Operations	(502,378)	(52,569)	(554,947)
Non Operating Revenues (Expenses)			
Interest earnings	15,766	0	15,766
Federal grants	270,968	71,674	342,642
Total Non-Operating Revenues (Expenses)	286,734	71,674	358,408
Income (loss) before Contribution and transfer	(215,644)	19,105	(196,539)
Capital contribution	308,155	0	308,155
Equity transfer – Note 12	0	91,824	91,824
Change in net assets	92,511	110,929	203,440
Total net assets - beginning	1,620,552	0	1,620,552
Total net assets - ending	\$ 1,713,063	\$ 110,929	\$ 1,823,992

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DERIDDER
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2007

	General	Housing Choice Voucher	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 240,809	\$ 0	\$ 240,809
Other receipts	35,896	411	36,307
Payments to vendors	(299,872)	(1,761)	(301,633)
Payments to employees – net	(287,047)	0	(287,047)
Payments to private landlords	0	(51,219)	(51,219)
Net cash provided (used) by operating activities	(310,214)	(52,569)	(362,783)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers	110,929	(110,929)	0
Intergovernmental Transfer		91,824	91,824
Federal grants	222,059	71,674	293,733
Net cash provided (used) by non- capital financing activities	332,988	52,569	385,557
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(313,992)	0	(313,992)
Federal Capital Grants	308,155	0	308,155
Net cash provided (used) by capital and related financing activities	(5,837)	0	(5,837)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	15,765	0	15,765
Purchase of investments	(11,872)	0	(11,872)
Net cash provided (used) by investing activities	3,893	0	3,893
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,830	0	20,830
CASH AND CASH EQUIVALENTS			
Beginning of Fiscal Year	116,226	0	116,226
CASH AND CASH EQUIVALENTS			
End of Fiscal Year	\$ 137,056	\$ 0	\$ 137,056

Continued

HOUSING AUTHORITY OF DERIDDER
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2007

	<u>General</u>	<u>Housing Choice Voucher</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (502,378)	\$ (52,569)	\$ (554,947)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation Expense	199,109	0	199,109
Change in assets and liabilities:			
Receivables	(431)	0	(431)
Inventories	(55)	0	(55)
Prepaid items	(4,593)	0	(4,593)
Account payables	(4,732)	0	(4,732)
Accrued expenses	2,866	0	2,866
Net cash provided (used) by operations	<u>\$ 310,214</u>	<u>\$ (52,569)</u>	<u>\$ (362,783)</u>

Concluded

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2007

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HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of DeRidder have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of Deridder serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW	826	122
Section 8			
Housing Choice Vouchers	LA-	086	35

The Authority assumed administration of the Voucher program, effective April 1, 2007.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the City of DeRidder since the City of DeRidder appoints a voting majority of the Housing Authority's governing board. The City of DeRidder is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of DeRidder. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of DeRidder.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity are financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the public housing Low Rent program and the Capital Fund program. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. SHORT - TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Acquisitions of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

H. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	15-33 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

J. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

K. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. INTERFUND ACTIVITY Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses.

Reimbursements are when one fund incurs cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

M. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2007. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority investments are in Certificates of Deposits, which do not have credit ratings. However, the Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk: At September 30, 2007, the Housing Authority's carrying amount of deposits was \$465,816 and the bank balance was \$473,210, which includes \$328,961 in certificates of deposits classified as investments. Of the bank balance, \$24,123 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at September 30, 2007, are as follows:

<u>Class of Receivables</u>	<u>General</u>	<u>Total</u>
Local sources:		
Tenants	\$ 992	992
Federal sources:		
Grants	79,169	79,169
Total	\$ 80,161	\$ 80,161

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	Balance 9/30/06	Additions	Deletions	Balance 9/30/07
Land	\$ 134,411	\$ 0	\$ 0	\$ 134,411
Buildings	4,945,123	301,009	0	5,246,132
Furniture and equipment	239,551	23,210	18,451	244,310
Construction in progress	8,787	0	8,787	0
Total	5,327,872	324,219	27,238	5,624,853
Less: accumulated depreciation				
Buildings	3,915,244	180,134	0	4,095,378
Furniture and equipment	201,763	20,415	18,451	203,727
Total	4,117,007	200,549	18,451	4,299,105
Fixed assets, net	\$ 1,210,865	\$ 123,670	\$ 8,787	\$ 1,325,748

NOTE 5 – INTERFUND RECEIVABLES / PAYABLES Interfund receivables / payables at September 30, 2007 are as follows:

The General Fund owes the Housing Choice Voucher Fund for various expenses paid but not reimbursed at year-end.

NOTE 6 – ACCOUNTS PAYABLE The payables at September 30, 2007 are as follows:

	General	Total
Vendors	\$ 17,473	17,473
Payroll taxes & Retirement withheld	4,847	4,847
Other	490	490
Total	\$ 22,810	22,810

NOTE 7 – COMPENSATED ABSENCES At September 30, 2007, employees of the Housing Authority have accumulated and vested \$23,457 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 8 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended September 30, 2007.

		Compensated Absences
Balance, beginning	\$	19,429
Additions		4,028
Balance, ending		23,457
Amounts due in one year	\$	7,597

NOTE 9 – INTERPROGRAM TRANSFERS Interprogram transfers for the year September 30, 2007 consists of the following:

<u>Transfer To</u>	<u>Transfer From</u>
Low Rent	Capital Fund program

The Capital Fund grant provisions allowed the PHA to transfer \$38,880 to the Low Rent program to pay for eligible Low Rent expenses.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at September 30, 2007. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 11 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$650,797 to the Housing Authority, which represents approximately 68% of the Housing Authority's total revenue and capital contributions for the year.

NOTE 12 – EQUITY TRANSFER Prior to April 1, 2007, the Housing Choice Voucher program was administered by another agency. Approximately \$91,824 of fund balance was transferred to the Authority on April 1.

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Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Housing Authority of DeRidder
DeRidder, Louisiana

We have audited the basic financial statements of each major fund of the Housing Authority of DeRidder, Louisiana, as of and for the year ended September 30, 2007, which collectively comprise the Housing Authority of DeRidder, Louisiana's basic financial statements and have issued our report thereon dated February 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of DeRidder, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of DeRidder, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of DeRidder, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of DeRidder, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of DeRidder, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of DeRidder, Louisiana's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Audit Finding 07-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of DeRidder, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above as Audit Finding 07-01 is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of DeRidder, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as Audit Finding 07-01.

The Housing Authority of DeRidder, Louisiana's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of DeRidder, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.
Fort Worth, Texas
February 29, 2008

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MIKE ESTES, CPA

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Housing Authority of DeRidder
DeRidder, Louisiana

Compliance

We have audited the compliance of the Housing Authority of DeRidder with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The Housing Authority of DeRidder, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of DeRidder, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of DeRidder, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of DeRidder, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of DeRidder compliance with those requirements.

In our opinion, the Housing Authority of DeRidder, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of the Housing Authority of DeRidder, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of DeRidder, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of DeRidder, Louisiana's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federally program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.
Fort Worth, Texas
February 29, 2008

HOUSING AUTHORITY OF DERIDDER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2007

FEDERAL GRANTOR PROGRAM TITLE	<u>CDFA NO.</u>	<u>PROGRAM EXPENDITURES</u>
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	208,658
Housing Choice Voucher	14.871	71,674
Public Housing Capital Fund	14.872	<u>370,465</u>
Total United States Department of Housing and Urban Development	\$	<u>650,797</u>
Total Expenditures of Federal Awards	\$	<u>650,797</u>

HOUSING AUTHORITY OF DERIDDER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2007

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of DeRidder, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

	<u>Federal Sources</u>
General	\$ 579,123
Section 8 Housing Choice Vouchers	<u>71,674</u>
Total	\$ <u>650,797</u>

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

HOUSING AUTHORITY OF DERIDDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section I – Summary of the Auditor’s Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards* to the financial statements.

Audit of Federal Awards

- iv. There were no significant deficiencies required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA# 14.872 Capital Fund
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was 300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF DERIDDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Section Eight Housing Choice Voucher

Statement of Condition

There is no documented, quality control check of certain processes, including administration of the waiting list, reasonable rent comparisons, and calculation of adjusted gross income and tenant rent.

Criteria

The July 2007 Revision (and earlier versions) of Government Auditing Standards state that generally accepted government auditing standards incorporate AICPA auditing standards.

Under Statement on Auditing Standard (SAS) #112, effective for years ended 12/31/06 and after, the lack of a documented quality control check noted in the above Statement of Condition is a significant deficiency.

In addition, the Government Accountability Office (GAO) adopted the SAS #112 internal control terminology in January 2007. In June 2007, the OMB revised Circular A-133 to adopt SAS #112 internal control terminology. However, the Housing Choice Voucher program is a non-major program this year.

The above documented quality control checks are also required by SEMAP. But, the Authority was exempt from SEMAP this year.

Effect

No miscalculation of tenant rents, inadequate rent reasonable tests, or errors with the waiting list were noted. However, the lack of the documented quality control checks is a defined deficiency, according to new auditing standard and the adopted GAO terminology.

HOUSING AUTHORITY OF DERIDDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Cause

The Authority took over administration, effective April 1, 2007. The Authority did not have time to train someone sufficiently, so that the person could adequately perform the quality control checks, before year-end. In addition, it does not appear the quality control checks were performed by the prior administration, from October 1, 2006 – March 31, 2007.

Recommendation

The Authority should perform and document the quality control checks.

07-01 Correction Action Plan – Response

I am Katie Anderson, Executive Director and Designated Person to answer this finding. We will soon train a second person in Section Eight procedures. The quality control checks will be timely performed and documented this year.

HOUSING AUTHORITY OF DERIDDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section III –Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

None

HOUSING AUTHORITY OF DERIDDER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2007

The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:

None

HOUSING AUTHORITY OF DERIDDER
SUMMARY SCHEDULE OF PRIOR MANAGEMENT LETTER ITEMS
YEAR ENDED SEPTEMBER 30, 2007

None

SUPPLEMENTARY INFORMATION

EXHIBIT D

HOUSING AUTHORITY OF DERIDDER
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2007

CASH BASIS

	2004 <u>Capital Fund</u>	2005 <u>Capital Fund</u>	2006 <u>Capital Fund</u>	2007 <u>Capital Fund</u>
Funds approved	\$ 223,030	\$ 186,584	\$ 189,167	\$ 179,931
Funds expended	<u>221,068</u>	<u>180,946</u>	<u>177,517</u>	<u>38,880</u>
Excess of funds approved	\$ <u>1,962</u>	\$ <u>5,638</u>	\$ <u>11,650</u>	\$ <u>141,051</u>
Funds advanced	\$ 211,498	\$ 161,216	\$ 139,376	\$ 38,880
Funds expended	<u>221,068</u>	<u>180,946</u>	<u>177,517</u>	<u>38,880</u>
Excess of funds advanced	\$ <u>(9,570)</u>	\$ <u>(19,730)</u>	\$ <u>(38,141)</u>	\$ <u>0</u>

See accountants' report

HOUSING AUTHORITY OF DERIDDER
SCHEDULE OF AUDIT JOURNAL ENTRIES

YEAR ENDED SEPTEMBER 30, 2007

		ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
	CFP:				
1	Buildings	162	11,445		14041460
	Furniture & Equipment - Administration	164	3,709		14041472
	Depreciation Expense	974	1,010		
	Accumulated Depreciation	166		1,010	
	Maintenance - Materials	942		3,709	4420
	Maintenance - Contracts	943		11,445	4430
	(to appropriately reclassify fixed assets)				
2	HUD PHA Operating Grants	706	15,154		
	Capital Grants	706.1		15,154	
	(to appropriately reclassify grants)				
	LR:				
3	Cash - Unrestricted	111	17,984		1111
	Investments - Unrestricted	131	6,706		
	Accrued Interest Receivable	129		10,000	
	Investment Income	711		14,690	
	(to account for interest earned and appropriately classify cash/cash equivalent)				

**HOUSING AUTHORITY OF DERIDDER
FINANCIAL DATA SCHEDULE**

YEAR ENDED SEPTEMBER 30, 2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$127,494	\$0	\$0	\$127,494
114	Cash - Tenant Security Deposits	\$9,562	\$0	\$0	\$9,562
100	Total Cash	\$137,056	\$0	\$0	\$137,056
122	Accounts Receivable - HUD Other Projects	\$11,728	\$0	\$67,441	\$79,169
126	Accounts Receivable - Tenants - Dwelling Rents	\$992	\$0	\$0	\$992
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$10	\$0	\$0	\$10
120	Total Receivables, net of allowances for doubtful accounts	\$12,730	\$0	\$67,441	\$80,171
131	Investments - Unrestricted	\$328,961	\$0	\$0	\$328,961
142	Prepaid Expenses and Other Assets	\$23,967	\$0	\$0	\$23,967
143	Inventories	\$297	\$0	\$0	\$297
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$67,441	\$124,286	\$0	\$191,727
150	Total Current Assets	\$570,452	\$124,286	\$67,441	\$762,179
161	Land	\$134,411	\$0	\$0	\$134,411
162	Buildings	\$4,225,678	\$0	\$320,044	\$4,545,722
163	Furniture, Equipment & Machinery - Dwellings	\$85,923	\$0	\$27,495	\$113,418
164	Furniture, Equipment & Machinery - Administration	\$103,613	\$1,439	\$25,840	\$130,892
165	Leasehold Improvements	\$692,659	\$0	\$7,750	\$700,409
166	Accumulated Depreciation	\$-4,251,094	\$-1,439	\$-46,571	\$-4,299,104
160	Total Fixed Assets, Net of Accumulated Depreciation	\$991,190	\$0	\$334,558	\$1,325,748
180	Total Non-Current Assets	\$991,190	\$0	\$334,558	\$1,325,748
190	Total Assets	\$1,561,642	\$124,286	\$401,999	\$2,087,927
312	Accounts Payable <= 90 Days	\$17,473	\$0	\$0	\$17,473
321	Accrued Wage/Payroll Taxes Payable	\$4,847	\$0	\$0	\$4,847
322	Accrued Compensated Absences - Current Portion	\$7,597	\$0	\$0	\$7,597
333	Accounts Payable - Other Government	\$16,379	\$0	\$0	\$16,379
341	Tenant Security Deposits	\$9,562	\$0	\$0	\$9,562
346	Accrued Liabilities - Other	\$490	\$0	\$0	\$490
347	Interprogram Due To	\$110,929	\$13,357	\$67,441	\$191,727
310	Total Current Liabilities	\$167,277	\$13,357	\$67,441	\$248,075
354	Accrued Compensated Absences - Non Current	\$15,860	\$0	\$0	\$15,860
350	Total Noncurrent Liabilities	\$15,860	\$0	\$0	\$15,860
300	Total Liabilities	\$183,137	\$13,357	\$67,441	\$263,935
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$991,190	\$0	\$334,558	\$1,325,748
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$387,315	\$110,929	\$0	\$498,244
513	Total Equity/Net Assets	\$1,378,505	\$110,929	\$334,558	\$1,823,992
600	Total Liabilities and Equity/Net Assets	\$1,561,642	\$124,286	\$401,999	\$2,087,927

HOUSING AUTHORITY OF DERIDDER
FINANCIAL DATA SCHEDULE

YEAR ENDED SEPTEMBER 30, 2007

703	Net Tenant Rental Revenue	\$241,240	\$0	\$0	\$241,240
704	Tenant Revenue - Other	\$26,196	\$0	\$0	\$26,196
705	Total Tenant Revenue	\$267,436	\$0	\$0	\$267,436
706	HUD PHA Operating Grants	\$208,658	\$71,674	\$62,310	\$342,642
706.1	Capital Grants	\$0	\$0	\$308,155	\$308,155
711	Investment Income - Unrestricted	\$15,766	\$0	\$0	\$15,766
715	Other Revenue	\$9,746	\$411	\$0	\$10,157
720	Investment Income - Restricted	\$0	\$0	\$0	\$0
700	Total Revenue	\$501,806	\$72,085	\$370,465	\$944,156
911	Administrative Salaries	\$94,329	\$0	\$0	\$94,329
912	Auditing Fees	\$7,330	\$0	\$0	\$7,330
914	Compensated Absences	\$4,027	\$0	\$0	\$4,027
915	Employee Benefit Contributions - Administrative	\$37,974	\$0	\$0	\$37,974
916	Other Operating - Administrative	\$39,691	\$1,570	\$0	\$41,261
922	Relocation Costs	\$457	\$0	\$0	\$457
931	Water	\$11,905	\$0	\$0	\$11,905
932	Electricity	\$81,314	\$0	\$0	\$81,314
933	Gas	\$753	\$0	\$0	\$753
938	Other Utilities Expense	\$9,671	\$0	\$0	\$9,671
941	Ordinary Maintenance and Operations - Labor	\$109,534	\$0	\$0	\$109,534
942	Ordinary Maintenance and Operations - Materials and Other	\$34,683	\$0	\$0	\$34,683
943	Ordinary Maintenance and Operations - Contract Costs	\$16,716	\$0	\$23,430	\$40,146
945	Employee Benefit Contributions - Ordinary Maintenance	\$44,095	\$0	\$0	\$44,095
961	Insurance Premiums	\$41,278	\$0	\$0	\$41,278
962	Other General Expenses	\$0	\$191	\$0	\$191
963	Payments in Lieu of Taxes	\$16,379	\$0	\$0	\$16,379
964	Bad Debt - Tenant Rents	\$4,738	\$0	\$0	\$4,738
969	Total Operating Expenses	\$554,874	\$1,761	\$23,430	\$580,065
970	Excess Operating Revenue over Operating Expenses	\$-53,268	\$70,324	\$347,035	\$364,091
971	Extraordinary Maintenance	\$1,800	\$0	\$0	\$1,800
972	Casualty Losses - Non-Capitalized	\$347	\$0	\$0	\$347
973	Housing Assistance Payments	\$0	\$51,219	\$0	\$51,219
974	Depreciation Expense	\$168,303	\$0	\$30,806	\$199,109
900	Total Expenses	\$726,324	\$52,880	\$54,236	\$832,540
1001	Operating Transfers In	\$38,880	\$0	\$0	\$38,880
1002	Operating Transfers Out	\$0	\$0	\$-38,880	\$-38,880
1010	Total Other Financing Sources (Uses)	\$38,880	\$0	\$-38,880	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-184,838	\$19,105	\$277,349	\$111,616
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,563,343	\$0	\$57,209	\$1,620,552
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$91,824	\$0	\$91,824
1120	Unit Months Available	1,464	420	0	1,884
1121	Number of Unit Months Leased	1,413	396	0	1,809
1117	Administrative Fee Equity	\$0	\$97,572	\$0	\$97,572
1118	Housing Assistance Payments Equity	\$0	\$13,357	\$0	\$13,357